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Health Benefits Offered by Rhode Island Employers, 1999

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Most working-age Americans and their dependents obtain health care coverage through employer-sponsored group health insurance. However, coverage is less than universal among employed persons; the majority of uninsured Americans between ages 18 and 64 years are employed either full-time or part-time. Thus, any effort to reduce the number of uninsured persons must include policies and incentives to bolster employer-sponsored health benefits. Data on health benefit offerings from a recent survey of Rhode Island employers are presented here.

Methods. Between September 1999 and January 2000, 1,486 Rhode Island employers provided information concerning their practices and preferences regarding employee health benefits. The survey was a self-administered mail-out/mail-back questionnaire and requested information on benefits as of June 30, 1999. The sample included firms with three or more employees at Rhode Island locations and was structured to allow comparisons between public-sector and private-sector employers and among employers grouped by number of employees (3-9, 10-24, 25-49, 50-99, and 100 or more, with between 272 and 302 respondents per group). Firms received up to three mailings to solicit their participation in the survey; the final mailing was accompanied by a tele-

phone contact attempt; 51% of sampled firms responded.

The survey included - (1) factual questions about what benefits were offered and how many employees participated, (2) questions about how employers decided to offer benefits and what to offer, and (3) questions about employers' responses to hypothetical market changes and policy initiatives. This analysis presents results concerning employer patterns in offering health benefits to their employees.

Results. Overall, 79% of Rhode Island employers with three or more employees offered group health coverage to their employees as of June 30, 1999. (Figure 1) Of these, nearly all (97%) paid some or all of the premium. In the private sector, small employers were less likely (68%) to offer coverage than large employers (97-98%). Government employers of all sizes routinely offered coverage.

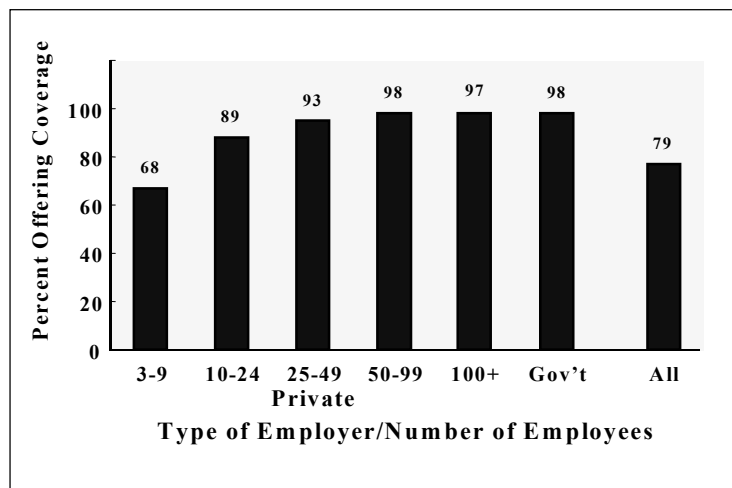


Figure 1. Employers Offering Group Health Coverage, by Type of Employer and Number of Employees, Rhode Island, 1999.

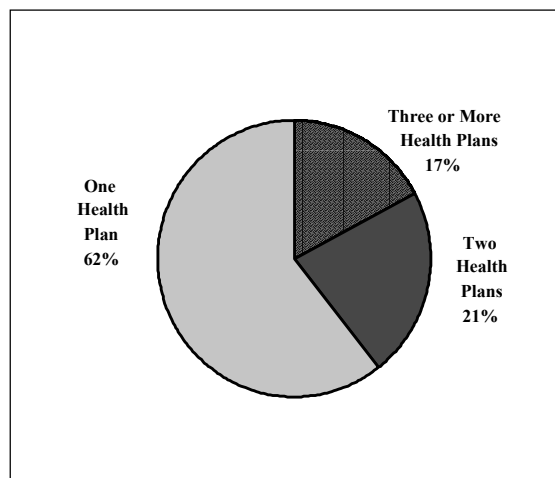


Figure 2. Number of Health Plans Offered by Employers Who Provide Group Health Coverage, Rhode Island, 1999.

When compared with data for 1999 from a national survey that included employers between 3 and 199 employees,¹ Rhode Island employers in this range were more likely (78%) to offer health benefits than nationally (60%). This is a historical pattern; a 1993 study covering all states placed Rhode Island third in the proportion of employers offering health benefits, behind Hawaii, the only state where most employers are required by law to provide benefits, and the District of Columbia.²

Health by Numbers

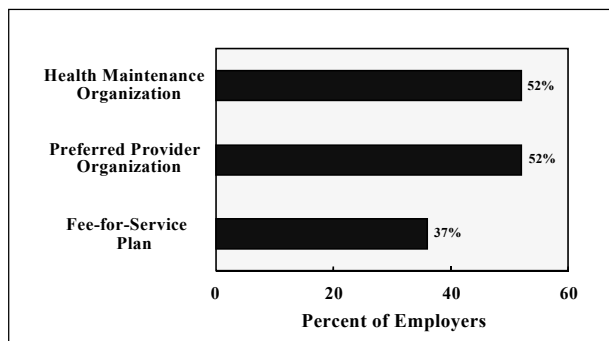


Figure 3. Types of Health Plans Offered by Employers Who Provide Group Health Coverage, Rhode Island, 1999.

The majority of employers (62%) reported offering their employees only one health plan. (Figure 2) By size, the largest employers were most likely (69%) to offer more than one plan; about one-third of the smallest employers did so.

Employers were equally likely (52%) to offer a preferred provider organization (PPO) health plan as they were to offer a health maintenance organization (HMO) health plan. (Figure 3) Just over one-third offered a traditional fee-for-service plan. (The percentages add to more than 100% because some employers offered more than one type of health plan.)

Most employers (61%) reported paying the full cost of coverage for employees who select individual (employee-only) coverage. Most of the rest paid more than half the premium. (Figure 4) Fewer employers (43%) paid the full cost for family insurance.

Discussion. Although the 1999 survey shows that Rhode Island employers are comparatively likely to offer health benefits to their employees, there have been recent changes in the state's health care environment that may tend to erode employer offerings and employee participation. The closure of Harvard Pilgrim Health Care of New England and the withdrawal of Tufts Health Plan from the Rhode Island market in late 1999 will decrease employers' choice of insurers and may lead to higher costs as competition among insurers is reduced. Also, many employers, both nationwide and in Rhode Island, reported receiving double-digit percentage increases in their insurance premium quotes in 1999 for the first time since the early 1990's. The data presented here will serve as a baseline for monitoring the effect of these pressures on the health care coverage of Rhode Islanders.

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¹Kaiser Family Foundation, Health Research and Education Trust. *Employer Health Benefits: 1999 Annual Survey*. 2000.

²National Center for Health Statistics. *Employer-Sponsored Health Insurance: State and National Estimates*. Hyattsville, MD. 1997.

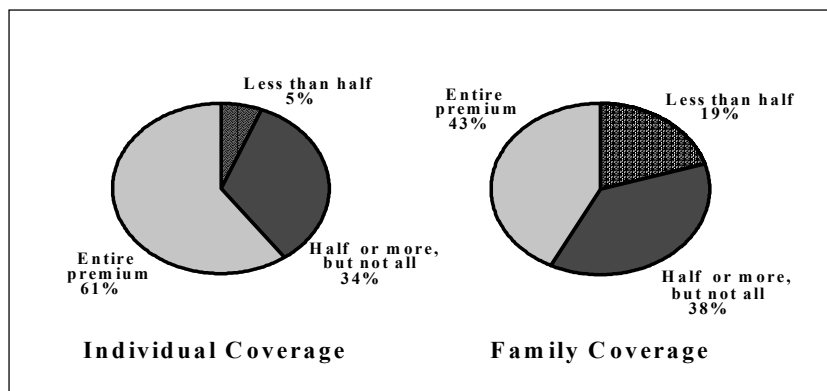


Figure 4. Employer's Share of Insurance Premium for Individual and Family Coverage, Rhode Island, 1999.

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